



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, JANUARY 12, 1995

AT
(202) 616-2771
TDD (202) 514-1888

FORMER SALESMAN OF DISPLAY MATERIALS TO PHILIP MORRIS
CHARGED IN BID-RIGGING CONSPIRACY

WASHINGTON, D.C. -- A former salesman at a Hauppauge, New York, company was charged today with conspiring to rig bids on Philip Morris Inc. advertising contracts worth millions of dollars in New York City, the Department of Justice's Antitrust Division announced.

The conspiracy gave his company, Southern Container Corporation, \$10 million in contracts to supply Philip Morris with "point-of-purchase" display materials used to advertise and promote products in retail stores.

The case is part of the Antitrust Division's ongoing investigation of bid-rigging, commercial bribery and tax-related offenses in the display industry. To date, five individuals and one corporation have pleaded guilty to various federal charges as a result of the investigation.

The case filed in U.S. District Court in New York City charged John E. Clemence of Short Hills, New Jersey, a salesman at Southern Container, with participating in a bid-rigging conspiracy that began as early as April 1986 and continued until

(MORE)

at least mid-1991. The single count charged Clemence with participating in a conspiracy to rig bids and allocate contracts awarded by Philip Morris.

According to the charge, Clemence conspired with others to designate the low bidder on the contracts, arrange for the submission of higher, noncompetitive bids from other suppliers and pay Philip Morris purchasing agents who assisted in the scheme.

Today's filing follows related cases the Department filed against Louis T. Cappelli, a former purchasing agent at Philip Morris, and Richard T. Billies and Sidney Rothenberg, principals of AM-PM Sales Co. Inc. The investigation was prompted by Philip Morris, which is cooperating.

Assistant Attorney General Anne K. Bingaman of the Antitrust Division said the investigation is being conducted by the Division's New York field office with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service.

The case filed today is the first to charge a supplier of displays or parts of displays made of corrugated paper such as pedestals and display bins. Earlier cases involved suppliers of displays mounted on cardboard.

Anyone with information concerning bid-rigging, bribery or fraud in the display industry may contact the New York Division of the FBI at (212) 335-2700.

The maximum penalty for an individual convicted of a

(MORE)

violation of the Sherman Act continuing after November 16, 1990, is three years in prison and a fine not to exceed the greatest of \$350,000, twice the pecuniary gain the individual derived from the crime or twice the pecuniary loss caused to the victims of the crime.

###

95-021